**SOC 3290 Deviance**

 **Overheads Lecture 28: Business Crime**

\* Business crime comprises *corporate* & *occupational* deviance

 - related to employment, occupation or business

 - carried out by relatively respectable, high status persons

- carried out with skill, sophistication, power & influence, making offenders less likely to be prosecuted

 - may be carried out by corporations or individuals within them

 - offenders often don’t see themselves as such

 - victims often unwittingly cooperate

 - society itself is relatively indifferent

 **Corporate deviance:**

\* Edwin Sutherland (1949):

 - Brought “white collar crime” into academic spotlight

 - Survey averaged 14 legal decisions against 70 largest companies

\* 1984 Survey: 2/3 of Fortune 500 companies involved in illegal behavior

\* Goff & Reasons (1978): average 3 decisions under old Combines Act against 50 largest Canadian corporations.

\* Clinard (1979-80): at least 60% of U.S. companies had federal action taken. Averaging 4.4 cases each, corporate offences were classified in 6 groups:

 (1) Administrative violations

 (2) Environmental violations

 (3) Financial violations

 (4) Labour violations

 (5) Manufacturing violations

 (6) Unfair trade practices

\* These all reveal that individuals in the middle and upper socio-economic classes quite frequently engage in illegal behavior.

\*What causes such crime?

\* *External* Factors:

 - Capitalism/ maximizing profit

 - Competition

 - Strain between corporate goals and market structure

 - Differential goals /social, economic, and political uncertainties

 - Market structure (competitive vs. oligopolistic)

 - Relative opportunities in specific industry/degree of regulation

\* *Internal* factors (impacting management/ supervision/ responsibility):

 - Size of firm

 - Organization of firm

 - Geographic spread of firm

\* *Individual* level factors:

 - Bonds to society vs. bonds to corporation/ subculture

 - Opportunities to learn from deviant peers

 - Techniques of neutralization (e.g. denial of responsibility, injury,

 & victim, condemning condemners and appeals to higher loyalty)

\* Ultimate explanation requires theoretical integration

\* Possible strategies:

- Criminalizing behavior (but not enforced as readily, with less severe punishments than other property offences, & against smaller companies with less influence. Corporations can also close/move)

 - Negative publicity (runs up against corporate spin doctors)

 - Nationalization (expensive/ uncompetitive)

 - Public/union representation on boards (unlikely to have

 veto/control)

 - Self-regulation (one’s own codes of conduct easy to break)

\* Ultimately globalization makes control of corporate crime difficult

 **Occupational Deviance:**

\* This involves offenses committed by employees:

 (1) Thefts from the workplace: explanations:

 - “impersonal” companies treating people like numbers

 - “informal compensation” for exploitation

 - a means of relieving boredom

 - looking the other way rather than deal with hassle

 (2) Embezzlement: taking money. Explanation:

 - financial problems

 - opportunity

 - rationalization

 (3) Financial frauds:

 - tax evasion (encouraged by complexity of laws)

 - securities violations (e.g. Martha Stewart, Enron)

 - professional misconduct (e.g. doctors’ “fee splitting,”

 lawyers overcharging, accountants colluding in false profit

 statements)

 - criminogenic market structures (e.g. the auto industry)

 **Other Causes of Business Crime:**

 (1) Fear of loss & greed for gain;

 (2) Deviant opportunities presented by high status, powerful

 positions

 (3) Weak social control/ lax law enforcement

 **Conclusion:**

\* Today we have reviewed corporate & business crime